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151134Z Jun 05

UNCLAS SECTION 01 OF 02 KATHMANDU 001305

SIPDIS

SENSITIVE

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E.O. 12958: N/A

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SUBJECT: SOME LABOR RIGHTS IN NEPAL REMAIN CURTAILED

SUMMARY

1. (SBU) After the King assumed power February 1, His Majesty's Government of Nepal (HMGN) imposed extensive restrictions on trade unions and their leaders. HMGN banned labor union strikes by industries that were on an "Essential Services/ Commodity List," including fourteen service sectors the government deemed vital. Existing trade unions have claimed that HMGN created "fraudulent labor unions" to undermine legitimate ones. Workers' unions filed a formal complaint with the ILO to disallow Nepal's delegation to the 93rd International Labor Conference (held May 31-June 16), claiming the trade union representing Nepal was illegitimate. Labor unions report that violations of the 1991 Labor Act, as well as government and management harassment of workers, continued to take place. Labor unions remain divided along party lines and weak in promoting workers' rights. END SUMMARY.

LABOR UNION ACTIVITIES RESTRICTED

2. (SBU) Restrictions imposed by the government after the royal takeover on trade unions and their leaders remain in effect in Nepal. A report prepared by one of the labor union umbrella organizations, the General Federation of Nepalese Trade Unions (GEFONT), stated that HMGN had banned many labor programs, including the Annual General Meeting (AGM), the Conference of Trade Unions, a program on International Women Workers' Day, and programs organized by the Construction Union and the Iron Union. (Note: GEFONT represents all unions affiliated with the political party of CPN-UML. End Note.) GEFONT Chief Secretary Kabindra Shekhar Rimal told EmbOff that many trade union leaders were under constant surveillance by security forces. (Note: Although more than 500 trade union activists, including central level leaders, were arrested following February 1, all have been released. End note.)

3. (SBU) The government has also exerted more control over labor unions representing industries under its authority. HMGN imposed a ban on labor union strikes according to an "Essential Services/Commodity List," restricting unions in all sectors HMGN deemed vital, such as water, telephone, airlines and electricity. The GEFONT report stated the ban had infringed on the right of collective bargaining of workers. In addition, HMGN issued a notice on February 7 stating that no union activities could be carried out in state-owned corporations; although this was supposed to be limited to the period of emergency, it remains in effect. Additionally, on June 13 the Confederation of Nepalese Professionals (CONEP) opposed proposed amendments to the Civil Service Act (CSA) that would ban government employees' right to organize. A number of other prominent trade unions also expressed their opposition to the proposed amendment as another example of the government's "ill intention" towards organized labor. A joint press release by leading workers' unions warned they would resort to strikes if the government "continued its negative attitude towards trade unions."

EXISTING TRADE UNIONS LODGE COMPLAINT

4. (SBU) Existing labor unions indicate that while HMGN tried to control the activities of legitimate trade unions, it also created parallel ones. According to the GEFONT report, GEFONT Chairperson Mukunda Neupane was nominated to participate in the 93rd International Labor Conference held in Geneva from May 31 - June 16, 2005. However, HMGN replaced him and instead sent Bam Bahadur Dewan, Vice-President, Nepal Agriculture Workers' Organization, which GEFONT claimed was not a legitimate union. The report further stated that three recognized trade union confederations, including GEFONT, Nepal Trade Union Congress (NTUC) (affiliated with the Nepali Congress Party) and the Democratic Confederation of Nepalese Trade Unions (DECONT) (affiliated with Nepali Congress-Democratic Party), lodged a

formal complaint through the ILO against HMGN, urging the ILO to disallow the entire delegation from Nepal, since without participation of a legitimate trade union, it was not a tripartite delegation. (Note: Per ILO convention, delegations must include government, employer and trade union representatives. End note.)

CASES OF POLICE TORTURE AND IRREGULARITIES BY INDUSTRIES

15. (SBU) Unions also claim that management has used government-imposed restrictions on political activities after February 1 as an excuse to harass labor leaders and union members. GEFONT charged that government forces continued to target labor union representatives with impunity. The GEFONT report further stated that HMGN showed complete indifference to businesses' irregularities. For example, for the last 64 months, the Hotel Blue Star, in the heart of Kathmandu, has not paid into their workers' retirement benefit plan as required under the 1991 Labor Act, in which ten percent of an employee's salary is matched by the employer and deposited in a fund. The Radisson Hotel, among many other businesses, also was reportedly not contributing to its workers' retirement fund accounts.

COMMENT

16. (SBU) The wage-earning labor sector, which represents twenty-four percent of Nepal's total work force, remains small and divided according to party lines. Labor unions continue to be party rather than industry-focused. For example, multiple party-based unions could be active in one industry. At a time when unions are confronted with harassment and government encroachment on workers' rights after February 1, unions continue to focus on politics rather than uniting to address workers' rights issues.

MILLARD